

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA STATE TEACHERS' RETIREMENT FUND
150 West Market Street, Suite 300
Indianapolis, Indiana 46204**

December 16, 2008

Board Members Present

Dave Adams, President
Don Bennett, Vice President
Ryan Kitchell, Trustee
Greg Hahn, Trustee
Cari Whicker, Secretary

Board Members Absent

Steve Overmyer, Trustee

Others Present

John Dowell, Alliance Benefit Group
Mike Zurek, Alliance Benefit Group
Gail Zeheralis, Indiana State Teachers Association
Drew McCuiston, Office of Management and Budget

TRF Staff Present

Steve Russo, Executive Director
Eric Wright, General Counsel
Tim Walsh, Chief Investment Officer
Julia Pogue, Chief Financial Officer
Erin Hankins, Executive Assistant
Bethaney Matlock, Legal Administrator
Molly Deuberry, Director of Outreach and Communications
Bryan Martin, Investment Consultant

Meeting called to order at 10:02 a.m. by President Adams.

I. Approval of Minutes

MOTION duly made and carried to approve the minutes, with the recommended changes, from November 18, 2008 Board of Trustees meeting.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Greg Hahn</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed</i>

II. Old Business

Steve Russo presented the latest Investment Policy Statement as amended by the adoption of recent Board resolutions to the board for future reference.

III. New Business

Communications Update

Molly Deuberry presented the communications update to the board. The discussion included the communications program review and the communications and outreach survey system and recommendations.

IT Update

Steve Russo presented an IT update to the board. Mr. Russo reviewed past business systems and business systems modernization history, discussed key elements of the modernization, and the latest status of near term objectives with the board.

Budget Update

Steve Russo presented a budget update to the board. Mr. Russo reviewed the FY2009 budget history and the FY2009 budget update with the board.

Financial Update

Julia Pogue presented the financial update to the board. Ms. Pogue discussed the financial highlights for November 2008 and entertained questions from the board.

Actuary Valuation Report

Julia Pogue introduced John Dowell and Mike Zurek from Alliance Benefit Group. Mr. Dowell presented the June 30, 2008 actuarial valuation results to the board. TRF staff recommended board approval of utilization of actuarial assumptions resulting from the most recent experience study into the actuarial valuation report.

MOTION duly made and carried to approve staff's recommendation.

Proposed by:
Seconded by:
Votes:

Greg Hahn
Cari Whicker
5 in favor, 0 opposed

There was discussion regarding future contribution rates and the board requested further analysis be done and requested that the contribution rate discussion be revisited at a future board meeting.

Investments Update

Tim Walsh presented the investments update as of November 30, 2008, reviewed the manager watch list, and entertained questions from the board.

A. Fixed Income/Manager Concentration

Callan and staff recommended that the board hire Bank of New York/Mellon to manage up to \$700 million for a passively managed Barclays Capital U.S. Fixed Income Mandate.

MOTION duly made and carried to hire Bank of New York/Mellon to manage up to \$700 million for a passively managed Barclays Capital U.S. Fixed Income Mandate.

<i>Proposed by:</i>	<i>Greg Hahn</i>
<i>Seconded by:</i>	<i>Ryan Kitchell</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed</i>

Callan and staff recommended that the board hire State Street to manage up to \$300 million for a passively managed Barclays Capital U.S. Fixed Income Mandate.

MOTION duly made and carried to hire State Street to manage up to \$300 million for a passively managed Barclays Capital U.S. Fixed Income Mandate.

<i>Proposed by:</i>	<i>Greg Hahn</i>
<i>Seconded by:</i>	<i>Ryan Kitchell</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed</i>

Callan and staff recommended that the board hire Prudential Investment Management to manage up to \$200 million for an enhanced managed Barclays Capital U.S. Fixed Income Mandate.

MOTION duly made and carried to hire Prudential Investment Management to manage up to \$200 million for an enhanced managed Barclays Capital U.S. Fixed Income Mandate.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Don Bennett</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed</i>

B. International Equity

Callan and staff recommended that the board hire State Street to manage \$100 million for an EAFE Value Index strategy.

MOTION duly made and carried to hire State Street to manage \$100 million for an EAFE Value Index strategy.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Don Bennett</i>
<i>Votes:</i>	<i>5 in favor, 0 opposed</i>

Executive Director's Report

Mr. Russo presented the executive director's report to the board. Mr. Russo discussed the agency's metrics dashboard and entertained questions from the board.

IV. Date of Next Meeting

February 25, 2009 at 10:00 a.m.

V. Adjournment

Adjourned at 12:50 p.m.